

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 4336

STATE OF NEW JERSEY

DATED: JANUARY 6, 2022

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4336 (1R).

This bill directs the Department of Agriculture to reimburse annually each enrolled dairy farmer in the State the amount of the annual premium paid by that farmer for coverage under the federal Dairy Margin Coverage Program up to the amount of the premium for coverage for the first 5,000,000 pounds of annual milk production per farm, the first tier of coverage under the program. The bill requires the department to adopt rules and regulations to establish procedures to reimburse enrolled dairy farmers the amount of the annual premium authorized under the bill.

The bill would also require the department to include in its annual budget request to the Governor an amount equal to the moneys necessary to pay the annual premiums for the federal Dairy Margin Coverage Program for the coverage authorized under the bill for all enrolled dairy farmers in the State. The bill, as amended, appropriates \$125,000 for this purpose.

The federal Agricultural Act of 2018 (commonly referred to as the 2018 Farm Bill) replaced the former federal Margin Protection Program for Dairy Producers (MPP-Dairy) with the Dairy Margin Coverage program (DMC). The DMC is a voluntary risk management program for dairy producers that makes payments when the national average income-over-feed-cost margin falls below a farmer selected coverage level. The program provides catastrophic coverage and various levels of buy-up coverage. Farmers register for the DMC between June and December of a given year. In 2019, 23 dairy farmers in New Jersey applied to participate in the program.

As reported by the committee, Assembly Bill No. 4336 (1R) is identical to Senate Bill No. 3465 (1R), which also was reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill would result in a State expenditure increase from the General Fund of approximately \$140,000 annually. This represents the expected premiums to be paid by farmers for the federal Dairy Margin Coverage

Program beginning in calendar year 2022, which would be reimbursed by the Department of Agriculture under the bill. The OLS notes that the bill appropriates \$125,000 from the General Fund to the Department of Agriculture to provide for the reimbursements for the program.

The OLS notes that the bill may also result in a one-time and recurring marginal expenditure increases by the Department of Agriculture to adopt rules and regulations to implement the bill and to administer the reimbursement program.